

WASHINGTON, DC – Today, Rep. Pete Stark (D-CA), the Ranking Member on the Ways and Means Health Subcommittee, issued the following letter to the BlueCross BlueShield Association:

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

May 28, 2003

Scott P. Serota
President and Chief Executive Officer
BlueCross and BlueShield Association
1310 G Street, NW
Washington, DC 20005

Dear Mr. Serota:

Each day I become more shocked and appalled by the behavior of the BlueCross BlueShield Association with regard to the CareFirst situation in Maryland. Last time I looked, you were a trade association -- not an omnipotent force that could override state laws at will.

I visited your website to see if maybe I'd misunderstood your mission all these years. But, here is what it says: "We are the BlueCross and BlueShield Association, the trade association for the independent, locally operated BlueCross and BlueShield Plans. We are the proven consumer health advocates, always with the public's best interests at heart. When families are seeking quality health insurance, they think of our member Blue Plans." That sounds like what the public thinks of as BlueCross BlueShield, but your actions betray that mission.

Maryland has enacted legislation that regulates CareFirst so that Maryland's taxpayers will be ensured value for their financial support of the non-profit CareFirst. As has been well-documented, the behavior of CareFirst during its attempted sale to Wellpoint was much more about the benefit to the executives and board members than it was to CareFirst enrollees.

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The very day Maryland Governor Bob Ehrlich signed this consumer protection legislation into law, your association sued in federal court to remove the Blue Cross Blue Shield license from the CareFirst plan. That certainly isn't keeping the public's best interest at heart!

On May 23rd, the federal courts issued a stay in the proceedings. That stay is in effect through June 3, 2003. The purpose of the stay is for the parties to discuss proposals for long term solutions. During this time, Carefirst members are guaranteed the same benefits they had prior to the bill signing, the BlueCross BlueShield Association is prohibited from granting any license to a third party in the CareFirst region, and the State is prohibited from implementing any provisions of the new law.

The purpose of this stay was not to provide the BlueCross BlueShield Association with extra time to advertise and frighten the public about the stability of their health benefits. But, that is exactly what you are doing. You ran a quarter-page ad in yesterday's Baltimore Sun and Washington Post telling CareFirst BlueCross BlueShield customers that CareFirst has "lost its license to operate as a BlueCross and BlueShield company." I'm not a lawyer, but when I read the court's orders it appeared to me that all determinations with regard to this case are on hold through June 3rd. That means that CareFirst has NOT lost its license.

It's up to the courts whether these advertisements violate the Court-ordered stay. But, even if they don't do so legally, they certainly violate the spirit of the stay.

Your association has overstepped its bounds. You are not consumer health advocates.

Sincerely,

Pete Stark
Ranking Democrat
Committee on Ways and Means
Subcommittee on Health